

REMARKS

This response is intended as a full and complete response to the non-final Office Action mailed June 20, 2008. In the Office Action, the Examiner notes that claims 1, 3-9, 14, 18, 19, 23, 24, 28-32, 34, 37, 40-43, 45-50, 52-56 and 58-64 are pending and rejected. The Applicants herein cancel claims 30-32, 34, 37, 40 and 41 without prejudice.

In view of the following discussion, Applicants submit that all of the claims pending in the application are patentable under 35 U.S.C. § 103.

It is to be understood that Applicants do not acquiesce to the Examiner's characterizations of the art of record or to Applicants' subject matter recited in the pending claims. Further, Applicants are not acquiescing to the Examiner's statements as to the applicability of the art of record to the pending claims by filing the instant response.

REJECTIONS

I. REJECTION OF CLAIMS 30-32, 34, 37 AND 40-41, UNDER 35 U.S.C. §102(e)

The Examiner has rejected claims 30-32, 34, 37 and 40 under 35 U.S.C. 102(e) as being anticipated by Banker et al. (5,357,276, hereinafter Banker). The Applicants note that it appears that the Examiner inadvertently failed to include claim 41 in the rejection. Regardless, the Applicants herein cancel claims 30-32, 34, 37, 40 and 41 without prejudice. As such, the rejection is now moot.

II. REJECTION OF CLAIMS 1, 3-9, 14, 18, 19, 23, 24, 28, 29, 42, 43, 45-50, 52-56 AND 58-64 UNDER 35 U.S.C. §103(a)

The Examiner has rejected claims 1, 3-9, 14, 18, 19, 23, 24, 28, 29, 42, 43, 45-50, 52-56 and 58-64 under 35 U.S.C. 103(a) as being unpatentable over Banker in view of Palazzi III, et al. (5,327,554, hereinafter Palazzi). Applicants respectfully traverse the rejection.

The Applicants respectfully submit that the combination of Banker and Palazzi, alone or in any permissible combination fail to teach or suggest a hardware upgrade card that is insertable into a set top terminal to add a data modulation and

demodulation function to the set top terminal, as positively recited by the Applicants' independent claims. Specifically, independent claim 1 (and similarly independent claims 14, 24, 42 and 60) positively recites:

1. A hardware upgrade for a set top terminal for use with a television program delivery system with menu selection of programs, the set top terminal having a microprocessor and microprocessor instructions for prompting generation of menus, the hardware upgrade comprising:

an interface to the set top terminal for receiving and processing subscriber input;

a modem connected to the interface for communicating with one or more headends, wherein the set top terminal receives television program signals based on the subscriber input; and

a microprocessor connected between the interface and the modem, wherein the hardware upgrade is a card insertable into the set top terminal to add a data modulation and demodulation function to the set top terminal such that data may be retrieved from the one or more headends and stored in local storage wherein the data comprising information from an interactive service for accessing an on-line database thereby allowing actual transactions using two-way communications over the modem with the interactive service via submenus, and the interface to the terminal comprises:

interactive software stored in memory of said hardware upgrade to provide enhanced functional capabilities for the set top terminal; and

processing circuitry to process said subscriber inputs associated with said interactive software. (Emphasis added).

In one embodiment, the Applicants' invention provides a hardware upgrade card that is insertable into a set top terminal for providing data modulation and demodulation (e.g. modem functionality). This allows set top terminals to be produced and at a lower costs and allows those consumer who wish to pay for additional services to easily upgrade the set top terminal.

The Applicants respectfully submit that Banker and Palazzi, alone or in any permissible combination fail to teach or suggest a hardware upgrade card that is insertable into a set top terminal to add a data modulation and demodulation function to the set top terminal. Banker teaches a card that may provide additional memory or security. (See Banker, col. 7, ll. 49-56). In particular, Banker reference that a set top terminal may include a modem and telephone link to a telephone processor at the head end. (See Banker, col. 4, ll. 40-50). It is noted that Banker is completely silent with

regard as to whether the modem is installed in the subscriber terminals as a hardware upgrade to the subscriber terminals.

Moreover, Palazzi fails to bridge the substantial gap left by Banker because Palazzi also fails to teach or suggest a hardware upgrade card that is insertable into a set top terminal to add a data modulation and demodulation function to the set top terminal. Palazzi teaches a terminal having various functionality including a modem. (See Palazzi, FIG. 1, FIG. 5, I. 63 – col. 6, I. 6). Notably, Palazzi teaches that the terminal features an internal modem 4. (See *Id.*, emphasis added). Thus, Palazzi also teaches the use of a fixed modem in a terminal.

The Applicants respectfully submit that Banker and Palazzi only teach the use of an internally fixed modem. Although Banker teaches the use of an insertable card, Banker teaches that the card is only for providing additional memory and security. In view of the teachings of Banker and Palazzi, the Applicants respectfully submit that at the time of the invention, one skilled in the art would not look to provide an internally fixed modem on an insertable hardware upgrade card, as taught by the Applicants' invention. Therefore, the combination of Banker and Palazzi fail to teach or suggest a hardware upgrade card that is insertable into a set top terminal to add a data modulation and demodulation function to the set top terminal.

As such, Applicants submit that independent claim 1 is patentable under 35 U.S.C. 103(a) over Banker in view of Palazzi. Independent claims 14, 24, 42 and 60 recite relevant limitations similar to those recited in independent claim 1 and, as such, for at least the same reasons discussed above, these independent claims also are patentable under 35 U.S.C. 103(a) over Banker in view of Palazzi. Since all of the dependent claims that depend from the independent claims include all the limitations of the respective independent claim from which they ultimately depend, each such dependent claim is also patentable under 35 U.S.C. 103(a) over Banker in view of Palazzi. Therefore, the rejection should be withdrawn.

CONCLUSION

Applicants believe all the claims are presently in condition for allowance. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring the issuance of an adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Eamon J. Wall or Jimmy Kim at (732) 530-9404 so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

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